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## 450.20

### Vendor Monitoring

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**Introduction** This section of the State Operations Manual contains policies and information on vendor monitoring and foods approved for the Iowa WIC Program.

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**In this section** This section contains the following policies.

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Note: Copies of the Grocery Vendor Monitoring and Special Purpose Vendor Monitoring forms are found following this policy.

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## Vendor Monitoring

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<b>Overview</b>	<p>Vendor monitoring is conducted on an on-going basis to maintain program integrity and accountability. Staff from the state WIC office or contract agencies performs monitoring of authorized vendors under the direction of the Iowa Department of Public Health. This is accomplished both through on-site monitoring and electronic monitoring.</p>
<b>On-site monitoring</b>	<p>At least ten percent of vendors are monitored on-site each year. This includes:</p> <ul style="list-style-type: none"><li>• Compliance investigations that are conducted in the minimum percentage of vendors required by federal regulations (see Policy 450.30),</li><li>• Reauthorization visits that occur prior to the beginning of a new contract period,</li><li>• Educational buys that measure training effectiveness, and</li><li>• Reviews prior to signing a new agreement.</li></ul> <p>Short buys may also be conducted to determine if the vendor was committing such actions such as overcharging the WIC Program or charging for items not received.</p> <p><u>Note:</u> Monitoring forms are found following this policy.</p>
<b>Electronic monitoring</b>	<p>Electronic monitoring is an examination of indicators tracked in the vendor computer database. It allows the analysis of data collected via computer from the contract agencies and the state's bank. Patterns of noncompliance with WIC policies or deviation from expected food instrument values may emerge. The electronic monitoring process includes:</p> <ul style="list-style-type: none"><li>• Collecting data daily and reviewing data on an ongoing basis, and</li><li>• Identifying trends that could necessitate another type of monitoring, depending on the nature of each exception.</li></ul>
<b>Corrective action</b>	<p>If problems are noted in either on-site monitoring or electronic monitoring a corrective action plan is defined for the vendor. Depending on the nature and severity of the problems, the state WIC office may schedule additional visits, initiate a compliance investigation, or apply sanctions. See Policy 450.30 for more information on compliance investigations.</p>

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## Vendor Monitoring, Continued

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**Program violations**

The State Agency must notify a vendor in writing when an investigation reveals an initial incidence of a violation for which a pattern of incidences must be established in order to impose a sanction, before another such incidence is documented, unless the State agency determines, in its discretion, on a case-by-case basis, that notifying the vendor would compromise an investigation. If the state agency determines that notifying the vendor would compromise an investigation, the reasons for this must be documented in the vendor's chart.

See Policy 450.40 for more information on program violations and sanctions.

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**Monitoring results**

The state WIC office presents a summary of the results of vendor monitoring for the previous year to the regional office by the end of the first quarter each year.

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**Preparing for an on-site visit**

Follow these guidelines to prepare for an onsite-visit

- Dress appropriately. Wear casual clothes, but nothing that indicates extreme poverty or that may be considered intimidating.
  - Prepare a plausible response to questions about residence. Be able to name a street or apartment complex if asked.
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## Educational Buys

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<b>Introduction</b>	<p>An educational buy is an attempt by WIC staff to buy unauthorized items from a participating vendor, using a WIC food instrument. Educational buys are used to:</p> <ul style="list-style-type: none"><li>• Measure training effectiveness,</li><li>• Identify problem vendors, and</li><li>• Develop corrective action plans for program compliance.</li></ul>
<b>Vendor selection</b>	<p>Vendors are selected for educational buys if there is a record of participant complaints, a request by a local WIC agency, or if the vendor does not meet the criteria for mandatory compliance investigation.</p>
<b>Vendor consent and notification</b>	<p>Vendors consent to educational buys at the time the vendor agreement is signed. Do not inform a vendor of a planned educational buy.</p>
<b>Who conducts buys</b>	<p>Staff from the state WIC office schedule and may conduct educational buys, and staff from WIC agencies may conduct or assist with educational buys.</p>

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## Educational Buys, Continued

### Choosing items to buy

Before entering the store, have a general idea of the type of violation to attempt. In most cases, choose items that are within the WIC food categories, but not specifically approved. Examples of products to choose include:

- Cereals that are not approved but are relatively wholesome (not “junk”),
- Cereals boxes that total slightly more than the number of ounces allowed on the food instrument,
- Canned juice drinks (Hi-C) or partial juice drinks,
- Frozen juice combinations, non-approved grape juice, or juice cocktail,
- Cheese food, and
- Formula other than the type or brand specified on the food instrument.

Note: You may attempt to buy ready-to-feed with a food instrument for concentrate, if this is a suspected problem.

Do not choose foods that are not in WIC categories or non-food items.

If the food instrument is for several items, choose some that are authorized and **at least** one that is not. Do not choose only unauthorized items.

### Procedure

Follow these steps to conduct an educational buy.

Step	Action						
1	Select items to purchase, following the guidelines on page 2.						
2	Tell the clerk at checkout that you will be using WIC food instruments.						
3	Follow any instructions the clerk gives you. <table border="1"> <tr> <td>IF the clerk tells you that...</td><td>THEN...</td></tr> <tr> <td>you cannot buy the items with WIC food instruments</td><td>return the items and buy authorized items.</td></tr> <tr> <td>You may buy more items than are listed on the food instrument</td><td>select additional items.</td></tr> </table> <p><u>Note:</u> You might want to ask the clerk what items you <b>may</b> buy.</p>	IF the clerk tells you that...	THEN...	you cannot buy the items with WIC food instruments	return the items and buy authorized items.	You may buy more items than are listed on the food instrument	select additional items.
IF the clerk tells you that...	THEN...						
you cannot buy the items with WIC food instruments	return the items and buy authorized items.						
You may buy more items than are listed on the food instrument	select additional items.						
4	After the transaction, the food instrument is allowed to go through the banking system to monitor through the routing process.						

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## Educational Buys, Continued

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**Guidelines at the checkout**

Your behavior at the checkout is important to the effectiveness of an educational buy. Follow these guidelines:

- If you are asked questions about you or your family, cooperate but provide as little information as possible.
  - Do not say or suggest that a family member is sick or in need.
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**Avoid entrapment**

Avoid entrapment, which is influencing or coercing someone to commit an illegal act that he would not otherwise have committed. Do not say anything that might influence the clerk to violate WIC regulations. Do not say that there will be no consequences.

Example: Do not say, “Go ahead, nothing will happen to you.”

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**Monitoring report**

After conducting an educational buy, complete a Vendor Monitoring Report and attach the **Balance Inquiry** and receipt to the report. A copy of the Vendor Monitoring Report is found at the end of this policy.

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## Compliance Buys

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<b>Introduction</b>	A compliance buy is a covert on-site investigation in which a representative of the WIC program poses as a participant, parent or guardian of a participant, or proxy, <b>makes transactions with the</b> food instruments, and does not reveal during the visit that he or she is a representative of the WIC Program. Compliance investigations should be targeted to detect possible vendor fraud based on high risk characteristics.
<b>Vendor selection</b>	A compliance buy may be a part of a compliance investigation of a percentage of vendors as mandated by federal rule 246.12 or may be part of an investigation into suspected substantial non-compliance with WIC program regulations. See Policy 450.30 Compliance Investigations.
<b>Preparing for a compliance buy</b>	Iowa WIC staff follows the procedures in the Compliance Buy Manual. If contracted staff perform the compliance buy, training will be provided by Iowa WIC staff. Items to be purchased will be determined by the criteria that triggered the compliance buy.

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